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A RIGHT UNDERSTANDING OF MATTERS

By **LETHA K. MARVEN**, Accountant with The Jefferson Wood Working Company, Louisville, Kentucky

It is becoming more and more clear that a right understanding of matters concerning relationships between management and labor is of vital importance to management, labor, and the ultimate consumer. George Washington expressed his belief in the ability of the people in general to solve their problems in an orderly manner when he said

"The masses of people in these United States mean well, and I firmly believe they will always act well, whenever they can obtain a right understanding of matters."

Labor is making demands on management today which a few years ago would have been considered fantastic. Management, in less than 25 years, has met demands and made concessions which few would have thought possible—yet our economic system has remained stable. Just how long management, without an understanding on the part of labor, can continue to make these concessions and remain in business presents a serious problem, one which requires a right understanding if our free enterprise system is to survive.

Richard Sanzo, Staff Analyst, Dun & Bradstreet, Inc., in the July, 1956, issue of Dun's Review and Modern Industry calls attention to the fact that the study of management is necessary to understand the functions of management. He says

"Awareness of the importance of management as a distinct skill and necessary ingredient to business stability and growth is, perhaps, the number one problem of middle business. Attaining the required management skill may be ranked as the number two problem. Business growth in a relatively new enterprise is all too often like the emergence from boyhood into adolescence. The early carefree attitudes give way to a fumbling for stability."

The number of new industries which have come into existence within a comparatively short period of time has created demands for materials and labor to such an extent that management has been forced to do the best possible under the circumstances. Too often the responsibility for management has fallen on one man rather than throughout the organization. Management needs the best thinking of everyone in order to

make the proper decisions which must be made by those responsible for plans and policies. There has been a failure on management's part to prepare trained personnel replacements. There should be within an organization a development of systems which constantly provides sufficient information so that management is able to look ahead and make plans and policies which result in a smoothly running organization and an increase in the efficiency of the employees.

Through the use of ideas and creative genius of individuals modern industry has developed at a tremendous rate, and it is through the continued use of new ideas and dreams that the future growth of industry will depend. To encourage and promote the development of the creative genius of the individual is one of management's responsibilities. An employee who is actively developing an idea in which he believes is a happy employee. To feel a sense of accomplishment is necessary to an intelligent person and it is to management's advantage to find those within an organization capable of creative work and thereby benefit from the development of the individual ideas and the satisfaction of having employees who are satisfied and are, therefore, less susceptible to outside influence. Management will have the goodwill of an employee who is satisfied and who understands the policies and objectives of the company for which he works. The well-informed employee is usually interested in the business and assumes a proprietary attitude which is helpful in dealing with other employees and the public in general.

It is to management's interest to know the employee's attitude toward his job; toward his boss; what the employee knows about the company for which he works; his ideas toward advancement; and his ability to get along with his co-workers.

Management is an activity which requires special skill and training. Promotion according to seniority often results in placing a person in a position of responsibility and authority for which he is unprepared. The fact that a person has worked for a company for a long time does not necessarily mean that he knows much more about the business than the day he was hired; it may

mean simply that he was more interested in the security which he felt seniority provided than in the work he had been doing.

Alfred G. Larke, Employer Relations Editor of *Dun's Review and Modern Industry*, has stated that "when we learn to manage people we will have a release of energy and an increase in productivity that will correspond to the increase in power potential that the atomic age has brought us in the physical field." Understanding the importance of managing people has made it possible for the labor unions to accomplish what they have in less than 25 years. The union steward, working in management's plant, has the employee's interest at heart and he convinces the employee of that fact. Management's foreman, with proper training and a right understanding of matters could have accomplished the same result. It has been pointed out from time to time that belonging to a union gives a man a sense of belonging; that this sense of belonging frequently is more important to the individual than a sense of security. A recent survey of a comparison of abilities of union stewards and company foremen revealed that union stewards had larger vocabularies, excelled in mathematics and on the whole displayed more practical judgment than company foremen. This would indicate that the wrong men were acting as foremen.

Management is becoming increasingly aware of executive incentive plans, however, business has grown so rapidly that there is an executive shortage and management has been forced to use all executive talent to the fullest extent. In many instances men with executive ability have been advanced too rapidly without proper training and experience. They, therefore, are not prepared for the complex problems facing management today. An executive is judged by his success in directing others; his ability to delegate authority; his receptiveness to the ideas of others and his ability to remain calm when he sees others make mistakes and charge the cost to the worthwhile investment in the development of his most valuable resource—people. Management must be on the alert for those who have executive ability or who can be trained to acquire this ability and must see that proper training in the art of handling people is provided.

The unions, during the past few years, have realized the importance of education and training and the ability to deal with people. Unfortunately too many people are willing to let someone else do their thinking for them. This fact accounts for much of

the success gained by the unions. The union member in the factory feels that he can rely on the steward to do his thinking for him and the steward is willing to do the thinking for others as he understands the importance of thinking. The unions have not gained the foothold in the south that they have in other sections of the country because the South, as a region, believes in individual freedom. It believes in individual initiative rather than a planned economy. It believes in individual incentive and opportunity rather than in government doles and controls.¹

The founders of the United States were wise men. They were students of history; they were students of politics; and above all they were students of human nature. In writing the documents under which the citizens of this country have lived and prospered, as in no other country in the world for over 175 years, the founders provided for three things they considered important—the rights to life, liberty and the pursuit of happiness. The rights to life and liberty are important but it is the right to the pursuit of happiness which now deserves consideration. Happiness is not a quality which can be conferred upon the individual. It is a quality which comes from within man and man is responsible for creating his own happiness; and it is man's responsibility to plan for his future and to provide for his own welfare. A free man cannot be happy unless he is willing and able to do his own thinking; he cannot be happy under the control of someone else; he must be allowed the dignity of the right to get a job and make a living for himself and his family without being forced to pay dues for the privilege of doing so; and he must be allowed to select and support the political party of his choice. In his right to the pursuit of happiness a man should be allowed to join a union voluntarily and be willing to pay membership dues for the leadership which the unions afford. He should also have a voice in the selection of political candidates supported by the union.

To obtain a right understanding of matters between management and labor it is necessary for the individual to realize his personal responsibilities. Management furnishes the capital which provides the jobs for labor and is dependent upon labor to produce the goods and services required by consumers. Without the ability to produce consumer goods investment would mean nothing. On the other hand, labor is dependent upon management to provide the

(Continued on page 13)

IDEA EXCHANGE

By LUCILLE PERELMAN, Charleston, West Virginia

A Time Saver for Peg Board Payroll

Systems

If you use the write-it-once peg board system for payroll, you will find it helpful to have a typist pre-type the names and dates on the payroll checks and the names on the payroll journal sheets in the same order. The person preparing the payroll then needs only to insert the confidential information on the check stub manually. Completion of the entire operation is accomplished more rapidly with less writing.

Pearl Wyngarden, Holland

(Continued from page 12)

DO (1) Do a little self-analyzing and invest according to your temperament—don't buy an individual security if you are going to watch the paper every day and be upset if it drops a few points. (2) Choose a broker suited to your own personality. Both of you will enjoy the relationship more that way. (3) Determine your specific objective in your investment and stick with it. Your investment program should be as tailor-made for you as the clothes you wear. (4) Put *all* your cards on the table when you visit your broker. Treat this professional visit like an appointment with your doctor—tell him your “symptoms”. Then and only then can he help you. Remember, he will respect your confidence.

There are risks as well as compensations in investing but through careful “investigating before you invest,” many risks can be greatly minimized. It is wonderful that in this great land of ours, every American has an opportunity to own a part of America through ownership of common stocks in her industries. It is a privilege, as well as an obligation, to invest in America. Industry constantly needs capital—it is up to all of us to provide it. Out of venture capital came the research which made possible so many of the miracle products we all enjoy today (girls—remember the days before nylon, orlon, acrilan).

It is no accident that the United States with one-sixteenth of the world's population provides more than one-third of the world's goods. This is due to production know-how with its constantly improving manufacturing technique. Today we are experiencing the introduction of automation in industry.

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Georgia O. Moore, Atlanta

The standard of living we enjoy—the highest in the world—is ours because our engineers and technicians are constantly trying to find ways to produce more goods, faster and better made, than ever before. It is squarely up to all of us to give industry the money it needs to grow and expand, in order to meet the almost insatiable demands of our population.

The NYSE has a publication called “Understanding The NYSE.” This closing thought for every American is taken from it.

“CAPITALISM IS A LIVING PHILOSOPHY WHICH HAS GROWN UP WITHIN OUR DEMOCRATIC FORM OF GOVERNMENT. IT HAS SURVIVED MINOR WARS AND WORLD WARS, PANIC, DEPRESSIONS. DEMOCRACY IS THE HOPE OF A FREE WORLD TODAY—AND DEMOCRACY'S GREATEST ALLY IS CAPITALISM.”

(Continued from page 7)

capital with which the goods and services are made possible. Labor must assume its share of responsibility for the preservation of our free enterprise system. To meet the demands of labor, management has had to spend enormous sums for machinery to increase the productivity to keep business on a profit-making level. In return for the concessions made by management labor must assume its share of the responsibility for increasing productivity. To provide sufficient work for the millions of available workers requires a tremendous investment on the part of management and the risk involved is great and is becoming more so all the time. The development of good clear-thinking efficient minds, by management and labor, is essential to arriving at a right understanding of matters between them.

1. Sensing, Thurman, *The Unions Drive on the South*, Southern States Industrial Council Bulletin, Nashville, Tennessee, August 1, 1956.